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Fourteenth annual progress report on the implementation of the capital master plan

Report of the Secretary-General

Summary

The fourteenth annual progress report on the implementation of the capital master plan is submitted pursuant to section II, paragraph 34, of General Assembly resolution 57/292. The report provides an update on the status of the project since the issuance of the thirteenth annual progress report (A/70/343) and responds to requests contained in paragraphs 7 to 17, 19 and 20 of Assembly resolution 70/239.

The renovation of the Headquarters complex was substantially completed by September 2014 for the opening of the sixty-ninth session of the General Assembly and all the buildings within the scope of the project were occupied and functional.

The Office of the Capital Master Plan was closed as of July 2015 and the remaining activities were assumed and managed by the Office of Central Support Services.

From July 2015 until the time of preparation of the present report, the Office of Central Support Services undertook post-renovation, commissioning and punch-list corrective activities and administrative tasks in support of the close-out of the project.

Those activities resulted in progress from substantial completion to final completion and in the issuance of corresponding certificates by the architects and engineers of record for the three primary buildings, namely, the Secretariat Building, the Conference Building and the General Assembly Hall, and for the basements and other subcomponents of the project.

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The interim arrangements for the relocation of the functions formerly housed in the Dag Hammarskjöld Library Building and in the South Annex Building were completed as planned.

The demolition and the removal of the temporary North Lawn Building were concluded in July 2016 and subsequent landscaping activities are ongoing. Security-related work at the 42nd and 48th Street entrances, which began in April 2016, is progressing according to schedule, with substantial completion expected by 31 December 2016.

The cost of all post-renovation construction and close-out activities is being met as planned from within the existing approved resources of the capital master plan project.

The financial position of the project remains consistent with the projection presented in the thirteenth annual progress report (A/70/343), taking into account the decisions of the General Assembly in its resolution 70/239.

As at 30 June 2016, the cost to complete the capital master plan project was projected to be at the approved resources level amounting to $2,150.4 million (excluding the renovation of the Dag Hammarskjöld Library Building and the South Annex Building in accordance with General Assembly resolution 69/274). Approved resources comprise the original budget of $1,876.7 million and donations of $114.3 million, plus interest income and the working capital reserve fund of $159.4 million. At the time of the drafting of the present report, more than 99.8 per cent of the funds had been expended.

The capital master plan addressed the serious concerns raised by the General Assembly in its resolutions 61/251 and 62/87 with respect to the hazards, risks and deficiencies of the condition of the Headquarters complex. The capital master plan has achieved its objective of renovating and modernizing the Headquarters, ensuring the safety, health and well-being of staff, delegations, visitors and tourists.

The many lessons learned and experience gained by the Organization during this unprecedented undertaking are included in the guidelines for the management of construction projects of the Organization, issued in January 2016 by the Office of Central Support Services. The guidelines will be fully taken into account in any future construction/renovation projects undertaken by the Secretariat.

The General Assembly is requested to take note of the current report and to request the Secretary-General to submit the fifteenth progress report at the main part of its seventy-second session.

I. Overview

1. The recently completed capital master plan was the largest and most comprehensive construction and renovation project undertaken by the United Nations.

2. The project met its objectives of honouring and preserving the original historic design of the Headquarters complex, while at the same time modernizing the facilities to meet current accessibility, safety, security and technological standards.

3. Planning for the capital master plan began in 1999, the Office of the Capital Master Plan was created in 2002 and the construction phase of the project spanned the period from 2008 to 2014.

4. The General Assembly requested the Secretary-General to submit annual reports on the progress, schedule, projected cost to completion and financial status of the capital master plan. The present report is the fourteenth such report to the Assembly.

5. Since the issuance of the thirteenth annual progress report in August 2015 (A/70/343), all construction work, including commissioning and punch-list corrective work, in the campus has been fully completed by the construction management company.

6. In addition, all work pertaining to the interim arrangements for the relocation of the staff and functions of the Dag Hammarskjöld Library Building and the South Annex Building, the renovation of which had been suspended owing to security considerations, has been completed.

7. The demolition of the temporary North Lawn Conference Building was completed successfully on 1 July 2016. The landscaping work to restore the ground to its design prior to the start of the project has begun and is scheduled to be completed by 31 December 2016. Works of art that were located on the North Lawn will be reinstalled as part of the landscaping work.

8. The remaining security-related work at the 42nd and 48th Street entrances to the Service Drive has also begun and is progressing according to schedule, with substantial completion expected by 31 December 2016.

9. The final projected cost of the capital master plan remains at $2,150.4 million. The amounts that were previously advanced by the Office of the Capital Master Plan to cover the associated costs and the secondary data centre, respectively, have now been financed separately by the General Assembly in accordance with its resolution 69/274. The following sections of the present report respond to the requests contained in paragraphs 7 to 17, 19 and 20 of Assembly resolution 70/239.

II. Project strategy and status

10. Post-renovation construction and close-out activities undertaken since the thirteen annual progress report include the following:

(a) Punch-list, commissioning and residual work in the Conference Building, the General Assembly Building and the basements;

(b) Completion of the remaining tasks relating to the various systems, such as the distributed antenna system, the audiovisual system, building management systems and the congress microphone and simultaneous interpretation system;

(c) Construction of three new food facilities to replace the main cafeteria, which was located in the South Annex Building: one at the southern end of the fourth floor of the Conference Building, including pick-up for online ordering, in the former location of the staff café; a grab-and-go service on the first basement level of the Secretariat Building, in the area formerly occupied by the Postal Service; and an online pick-up and coffee and snack service at the northern end of the Secretariat lobby;

(d) Refurbishment and reconfiguration of the Dag Hammarskjöld Library Building, with a separation between the south and north parts of the building, allowing limited occupancy in the north part, with the south side reserved for non-staff use only, such as the storage of equipment and library materials;

(e) Construction of classrooms and some offices that were previously located in the South Annex Building and that were relocated to the original North Lawn Building, in the third basement area under the temporary North Lawn Conference Building. The interpreters' lounge and touchdown space has been relocated to the twelfth floor of the Secretariat Building;

(f) The disassembly and demolition of the temporary North Lawn Conference Building and beginning of the final landscaping work;

(g) The beginning of the construction of the security-related work at the 42nd and 48th Street entrances to the Service Drive.

11. The financial close-out of the project, which includes the closure of open guaranteed maximum price contracts with the construction manager and payment of the major final invoices, also continued during the reported period.

12. The following milestones have been completed since the thirteenth annual progress report:

(a) Final completion of the construction of the Secretariat Building;

(b) Final completion of the construction of the Conference Building;

(c) Final completion of the construction of the basements;

(d) Final completion of the construction of the curtain wall;

(e) Final completion of the security upgrade work on the surveillance devices and equipment within the Headquarters complex;

(f) Final completion of the construction of the permanent broadcast facility systems;

(g) Final completion of the construction of the media assets management systems;

(h) Final completion of the construction of the distributed antenna systems;

(i) Final completion of the construction of the audiovisual system;

(j) Final completion of the construction of the congress microphone and simultaneous interpretation system;

(k) Final completion of the construction of the vertical transportation system;

(l) Final completion of the construction of the building management systems;

(m) Final completion of the construction of the three new food services locations;

(n) Final completion of the reconfiguration of the Dag Hammarskjöld Library Building and implementation of the limited occupancy concept;

(o) Final completion of the construction of the classrooms in the third basement area in the North Lawn Building;

(p) The disassembly and demolition of the temporary North Lawn Conference Building.

III. Project schedule

13. The capital master plan project has maintained the overall schedule reported in table 1 of the thirteenth annual progress report. The current status of the schedule is presented in table 1 of the present report.

14. Upon the conclusion of the procurement exercises and contractual negotiations with the awarded vendors, the remaining work relating to the disassembly and demolition of the temporary North Lawn Conference Building and the landscaping work and the security-related work at the 42nd and 48th Street entrances began in December 2015 and April 2016, respectively.

15. The demolition activities were concluded in July 2016 and the landscaping work will achieve final completion by 31 December 2016. The security-related work at the 42nd and 48th Street entrances is expected to be substantially completed by the end of 2016. Final completion is expected by 1 April 2017.

16. Following the substantial completion of the work at the Headquarters complex, the issuance of certificates by the architects and engineers of record, the occupation of the buildings and the successful operation of building systems, work continues to complete punch-list and other commissioned work in order to address deficiencies.

17. Discussions with the host city, New York, in particular with the Department of Building and Department of Transportation, have been productive and major progress has been made towards the granting of the permits for security-related work at the 42nd and 48th Street entrances. Verbal approval has been granted and a permit has been issued. Following a public hearing held in July 2016, the case was sent to the New York City Comptroller for approval. The permit, allowing work to proceed, is expected to be received by September 2016.

18. Renovation of the Dag Hammarskjöld Library Building and the South Annex Building has been suspended owing to security concerns, as reported to the General Assembly at its sixty-ninth and at prior sessions and will not be completed under the capital master plan, in accordance with section VIII, paragraph 14, of Assembly resolution 69/274.

19. The Secretariat successfully completed the implementation of the interim measures for the relocation of the functions housed in both buildings in order to preserve a degree of functionality and to safeguard and protect the Organization's staff and ensure continuity of functions.

20. Reconfiguration and refurbishment of the Dag Hammarskjöld Library Building was carried out in order to implement the limited occupancy concept, according to which the presence of staff is restricted to locations on the north side of the Library Building, with the south side reserved for non-staff, including for the storage of equipment and library materials.

21. The classrooms and some offices, which had previously been located in the South Annex Building, were relocated to the original North Lawn Building, in the third basement area under what used to be the temporary North Lawn Conference Building. The interpreters' lounge and touchdown space was relocated to the Secretariat Building.

22. The cafeteria, which had previously been located in the South Annex Building, was relocated to the following three new food locations: one at the southern end of the fourth floor of the Conference Building, including pick-up for online ordering, in the former location of the staff café; a grab-and-go service on the first basement level of the Secretariat Building, in the area formerly occupied by the Postal Service; and online pick-up and coffee and snack service at the northern end of the Secretariat lobby.

IV. Dag Hammarskjöld Library Building and the South Annex Building

23. In paragraph 9 of its resolution 70/239, the General Assembly requested the Secretary-General to submit, for its consideration and approval, future proposals relating to the renovation of the two buildings as separate projects outside the scope of the capital master plan through established procedures.

24. In paragraph 10 of the same resolution, the General Assembly also requested the Secretary-General to continue to engage in high-level conversations with the host city with a view to addressing the pending security concerns in relation to the Dag Hammarskjöld Library Building and the South Annex Building and to report on this matter in the context of the fourteenth annual progress report.

25. As described in the eighth annual progress report on the capital master plan (A/65/511), in the light of studies undertaken to evaluate the resilience of the buildings to threats from adjacent roadways, it was determined that neither building, within reasonable costs, could be successfully renovated to achieve safe occupancy. This is attributable to the structure of the buildings themselves, which are relatively lightweight, and their proximity to the 42nd Street off-ramp of the FDR Drive.

26. As a result, as previously reported to the General Assembly in the ninth, tenth, eleventh, twelfth and thirteenth annual progress reports (A/66/527, A/67/350, A/68/352, A/69/360, and A/70/343), the design of the renovation of the two buildings was suspended and the Secretariat relocated the functions housed in both buildings to ensure continuation of the operations.

27. Proposals relating to the renovation of the Dag Hammarskjöld Library Building and the South Annex Building will be submitted to the General Assembly for its consideration and approval in the future as a separate project, outside the scope of the capital master plan, in accordance with paragraph 9 of Assembly resolution 70/239.

Table 1
Projected schedule of the capital master plan

	As set out in A/62/364		*As set out in A/63/477*		*As set out in A/64/346*		*As set out in A/65/211*		*As set out in A/66/327*		*As set out in A/67/330*		*As set out in A/68/332*		*As set out in A/69/360*		*As set out in A/70/343*		*As set out in the present report*		
Activity	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Status*
Construction of North Lawn Building	Early 2008	Mid-2009	Early 2008	Mid-2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Completed
Secretariat Building	Early 2009	Early 2012	Early 2009	Early 2012	Late 2009	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Completed
Conference Building	Mid-2009	Mid-2011	Mid-2009	Mid-2011	Late 2009	Late 2011	Early 2010	Early 2012	Early 2010	Late 2012	Early 2010	Late 2012	Early 2010	Early 2013	Early 2010	Early 2013	Early 2010	Early 2013	Early 2010	Early 2013	Completed
General Assembly Building	Mid-2011	Mid-2013	Mid-2011	Mid-2013	Late 2011	Late 2013	Early 2012	Late 2013	Early 2013	Mid-2014	Early 2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Completed
South Annex Building	Early 2011	Early 2012	Early 2011	Early 2012	Late 2011	Early 2013	Early 2012	Mid-2013	–	–	–	–	–	–	–	–	–	–	–	–	Suspended
Dag Hammarskjöld Library Building	Early 2012	Early 2013	Early 2012	Early 2013	Early 2013	Late 2013	Early 2012	Late 2013	–	–	–	–	–	–	–	–	–	–	–	–	Suspended
Completion of renovation of United Nations Headquarters	Early 2008	Mid-2013	Early 2008	Mid-2013	Late 2008	Late 2013	Mid-2008	Late 2013	Mid-2008	Mid-2014	Mid-2008	Mid-2014	Mid-2008	Late 2014	Late 2008	Late 2014	Late 2008	Late 2014	Late 2008	Late 2014	Completed
Closure of the Office of the Capital Master Plan and handover to the Office of Central Support Services															Mid-2015		Mid-2015		July 2015		Completed
Demolition of temporary North Lawn Conference Building													Early 2015	Late 2015	Late 2015	Late 2016	Late 2015	Mid-2016			Completed
Landscaping of North Lawn													Early 2015	Late 2015	Late 2015	Late 2016	Late 2015	Late 2016			On track
Security-related work at 42nd and 48th Streets													Early 2015	Late 2016	Late 2015	Late 2016	Late 2015	Late 2016*			On track

* Substantial completion.

V. Remaining post-renovation activities

28. At the time of the submission of the present report, the remaining post-renovation activities are still ongoing and requiring completion were:

(a) Site landscaping work following the demolition of the temporary North Lawn Conference Building, including the relocation of the exterior artwork and gifts;

(b) Security-related work at the 42nd and 48th Street entrances, including reconfiguration of the north and south entrances of the Service Drive to accommodate a loading dock at 48th Street and revised traffic patterns at 42nd Street;

(c) The administrative and financial close-out of the following four guaranteed maximum price contracts with the construction manager: the Conference Building, basements, the building management systems and coordination agreements.

VI. Accountability and oversight

29. In paragraph 13 of its resolution 70/239, the General Assembly requested the Secretary-General to ensure proper mechanisms of accountability and clear reporting lines after the closure of the Office of the Capital Master Plan and to report thereon in the context of the fourteenth annual progress report.

30. Upon the closure of the Office of the Capital Master Plan in July 2015, the responsibility and accountability for the post-renovation construction activities within the original project scope, together with other administrative tasks and final close-out activities, were assumed by the Office of Central Support Services.

31. The Assistant Secretary-General for Central Support Services, who reports to the Under-Secretary-General for Management, is responsible for the day-to-day oversight of the few remaining activities and for updating the Under-Secretary-General on the status and progress of the remaining works and close-out activities.

32. A core team from the Office of the Capital Master Plan, with technical and substantive expertise gained during the years of project implementation, was retained to augment staff in the Office of Central Support Services in order to ensure the successful completion of the remaining work and final close-out.

33. The functions of the Chief of Administration of the Capital Master Plan were assumed temporarily by the chief of administration and communication in the Facilities Management Service. To ensure the robust management and oversight of the final close-out phases and reconciliation of the accounts, the functions will be fully encumbered by a dedicated staff member beginning in October 2016.

34. To ensure appropriate accountability mechanisms, the Under-Secretary-General for Management continues to provide overall supervision and is accountable for the completion of the residual activities of the capital master plan.

35. The Board of Auditors will continue to review and audit the financial aspects of the capital master plan, as part of its responsibility for the financial statements,

until the final close-out of the accounts. The Board will also undertake a substantive audit of the remaining activities of the plan in the biennium 2016-2017.

VII. Implementation of the recommendations of the Board of Auditors

36. The Board of Auditors continued its audit following the issuance of the thirteenth annual progress report. The Board audited the capital master plan project from November 2015 to June 2016.

37. In its annual report on the audit of the capital master plan for the 12-month period ended 31 December 2015 (A/71/5 (Vol. V)), the Board observed that the renovated buildings and basements were operating well and opined that they provided a more modern working environment operated by more sophisticated systems and equipment, with improved security for much of the campus, and that a significant amount of asbestos abatement had been done. The Board acknowledged that those improvements had been delivered while retaining an important architectural and aesthetic heritage of the Headquarters complex and maintaining business-as-usual operations.

38. The Board noted that the capital master plan was in its final phase and that all major procurement actions had been finalized and that major construction works were completed. The Board concluded that the plan was coming to a close.

39. The Board also acknowledged the following points:

(a) All major procurement actions had been finalized, major construction works were complete and major shocks were not anticipated at this stage of the project;

(b) The impact of unforeseen events, including the removal of large amounts of asbestos from the buildings, the need to meet more stringent security requirements and damage arising from Hurricane Sandy, had contributed to significant cost and time overruns over the life of the project;

(c) The complexity of the close-out phase and that final completion and certification was a complex and potentially lengthy exercise that required finalizing punch-list items, completing any corrective work required and agreeing on final prices for all work. All contractual documentation, such as warranties, operating manuals and training materials, should also be submitted. The process was subject to a verification process by programme managers and architects of record to safeguard the interests of the United Nations;

(d) The handover and the transition of the renovated campus to the Office of Central Support Services had taken place and was operating effectively.

40. The Board referred to the project benefits, which were included in the thirteenth annual progress report, demonstrating how the capital master plan had achieved the original outcomes expected (see A/55/117), namely, a Headquarters campus that:

(a) Was energy-efficient, free of hazardous materials and compliant with the building, fire and safety codes of the host city;

(b) Provided full accessibility to all persons;

(c) Met all reasonable, modern-day security requirements;

(d) Preserved the original architecture to the greatest extent possible.

41. The Board indicated that, of 11 outstanding recommendations for the period ended 31 December 2014, 3 (27 per cent) had been implemented, 3 (27 per cent) were under implementation, 4 (37 per cent) were not implemented and 1 (9 per cent) had been superseded by a new recommendation of the Board.

42. The Board's recommendations for the period ended 31 December 2015 were focused on five primary areas:

(a) Strengthening the approach to managing the project to completion;

(b) Application of the newly developed project management guidelines of the Office of Central Support Services;

(c) Realization of the full potential benefits of the capital master plan and ensuring that optimal use is made of the new working environment to reduce the use of costly rented accommodation;

(d) Development of a business case in support of proposed annual and longer-term maintenance budgets based on a detailed analysis of operational data;

(e) The analysis of utilities data following the closure of the North Lawn Building.

43. The Secretariat has accepted all the recommendations of the Board and has committed itself to fully implementing them.

VIII. Benefits of the capital master plan

44. As acknowledged by the Board of Auditors, the thirteenth annual progress report included comprehensive information on the benefits that the capital master plan had delivered in line with the relevant resolutions and the mandate from Member States.

45. The capital master plan addressed numerous deficiencies that had been neglected, left untreated and had accumulated over the years. The plan furnished a newly renovated facility, accessible to all persons, which is energy-efficient, free of hazardous materials, compliant with the building, fire and safety codes of the host city and meets all reasonable, modern-day security requirements.

46. Since the launch of the capital master plan, the overall reduction in energy consumption has been approximately 56 per cent, as reflected in table 2. The reduction in energy consumption was achieved mainly through the following various key initiatives undertaken by the plan:

(a) The replacement of the ageing and leaky exterior glass facades, which had reached the end of their useful life and required replacement for safety and security reasons;

(b) The replacement of deteriorated and inefficient cooling equipment, which was also at the end of its useful life;

(c) The installation of new electronic building management systems, which control energy usage by remote and programmable means and prevent waste;

(d) The installation of new, high-efficiency lighting.

47. A summary of the energy consumption for the first four-and-a-half months of 2016 and an estimate of the full consumption for the entire year is found in table 3.

Table 2
Comparison of energy consumption between 2006 and 2015

	January-December 2006	*January-December 2015*	*Percentage reduction*
Electricity usage (kBTU)[a]	151 946 050	145 413 981	4.3
Steam usage (kBTU)	400 517 070	90 515 200	76.15
Total	**552 463 120**	**240 929 181**	**56.39**

[a] Thousand British thermal units.

Table 3
Expected energy consumption for 2016

Utility	*Usage (kBTU)[a] from 1 January to 15 May*	*Expected usage (kBTU) from 16 May to 31 December*	*Total expected usage (kBTU)*
Electricity	58 384 096.80	93 414 554.88	151 798 651.68
Steam	36 356 400.00	58 170 240.00	94 526 640.00
Total	**94 740 496.80**	**151 584 794.88**	**246 325 291.68**

[a] Thousand British thermal units.

48. The variances in consumption between 2006 and 2015 are attributed mainly to the fowling aspects:

(a) The switch from steam to electricity-based cooling;

(b) The addition of new significant electrical loads since the beginning of the capital master plan, including the technical centre, the more pervasive use of electronic equipment throughout the campus, and increased electricity usage and demand during the peak summer season.

49. With respect to monetary benefits and savings, it should be noted, however, that there is no linear correlation between the reduction in consumption and cost savings owing to a significant increase in the cost of utilities since 2006 and the difference in rates between electricity and steam. It should also be noted that, while the newly renovated buildings require less overall maintenance and repair efforts, the newly installed sophisticated systems and equipment require more consistent and costly servicing. The maintenance of the new system requires high levels of technical expertise that the Secretariat does not possess in-house, and for which the services of special commercial vendors are required. In addition, the new systems

require more robust and frequent maintenance checks based on the schedules set out in the operations and maintenance manuals provided by the vendors and not only when there is a failure and/or malfunction. In line with the recommendation of the Board of Auditors, and in order to maximize the benefits from the renovated campus, the Secretariat put in place 34 maintenance service contracts with external professional vendors.

50. In late 2018, one year after the full implementation of the Umoja plant maintenance module, the Secretariat intends to commission a specialized firm to undertake an external independent review of its maintenance practices and approaches and to assess the balance between outsourcing and the in-house provision of maintenance, ensuring the cost-effective use of resources.

51. The cost of utilities, namely, electricity, steam, water and gas, at Headquarters has been reduced by more than 39 per cent ($14.1 million) over the past five bienniums, from $35.9 million to $21.8 million (see table 4).

Table 4
Cost of utilities in the past five bienniums

Description	*2006-2007*	*2008-2009*	*2010-2011*	*2012-2013*	*2014- 2015*
Electricity	14 536 322.47	17 301 356.69	19 337 004.59	17 501 881.19	15 983 467.00
Steam	18 696 194.08	14 592 256.37	9 007 533.50	5 261 620.00	4 424 149.00
Water	2 604 227.54	2 010 284.99	1 815 000.00	1 186 000.00	1 232 292.00
Gas and other utilities	65 738.76	52 871.25	230 512.50	86 597.95	140 600.00
Total	**35 902 482.85**	**33 956 769.30**	**30 390 050.59**	**24 036 099.14**	**21 780 508.00**

IX. Financial status of the capital master plan

A. Status of assessments and sources of funding for the capital master plan

52. In section VIII, paragraph 15, of its resolution 69/274, the General Assembly noted that the final cost of the capital master plan project, excluding the renovation of the Dag Hammarskjöld Library Building and the South Annex Building, was $2,304.8 million.

53. This amount consists of project costs of $2,150.0 million, associated costs and the cost of the secondary data centre borne by the capital master plan in the amount of $154.8 million.

54. In the thirteenth annual progress report, it was indicated that an additional $0.4 million in voluntary contributions had been made by some Member States, increasing the project budget from $2,150.0 million to $2,150.4 million.

55. The total approved funding for the capital master plan project amounts to $2,150.4 million, comprising appropriations for the original project scope of $1,876.7 million, donations of $14.3 million, interest income and the plan's working capital reserve amounting to $159.4 million and $100.0 million funding for the enhanced security upgrades.

56. All approved funding in the amount of $2,150.4 million has been applied in full to the renovation activities so as to meet contractual obligations as they fall due for payment.

57. At an anticipated final cost of $2,150.4 million, compared with the approved original budget of $1,876.7 million plus voluntary contributions totalling $14.3 million, the project resulted in a cost overrun of $159.4 million, or 8 per cent.

58. Table 5 compares the total approved funding for the capital master plan project with the expected cost for the completion of the project.

Table 5
Comparison of the funding for the capital master plan project and the expected cost to completion, as at 30 June 2016
(Millions of United States dollars)

Description	*Amount*	*References*
Total appropriations from 2004 to 2011	1 876.7	Resolutions 57/292, 59/295, 60/248, 60/256, 60/282, 61/251, 62/87 and 64/228
Voluntary contributions	14.3	Received under the capital master plan donations programme
Use of interest income and the capital master plan working capital reserve	159.4	Resolutions 66/258, 67/246 and 68/247 A
Funding for the enhanced security upgrades	100.0	Contribution by the host country
Total funding available	**2 150.4**	
Project cost of original renovation (excluding Dag Hammarskjöld Library Building and the South Annex Building) and scope requested under the donations programme	2 050.4	
Cost of enhanced security upgrades	100.0	
Total project cost to completion	**2 150.4**	

59. As at 30 June 2016, an amount of $0.1 million in unpaid assessed contribution was outstanding from six Member States.

B. Interest income, working capital reserve and cash balance

60. The estimated amount of interest to be accrued on the balance of the capital master plan funds is expected to be $114.4 million by the time of the financial close-out of the project. In accordance with section IV of General Assembly resolution 68/247, the balance of the interest income and the working capital reserve is applied to the remaining cash balance of the plan.

C. Capital master plan project expenditure and requirements for the remaining project period

61. As stated above, the estimated final cost of the capital master plan project is $2,150.4 million. As at 30 June 2016, cumulative expenditure incurred amounted to

$2,145.7 million, indicating that 99.8 per cent of the estimated cost to completion has been expended and committed. The latest status of the plan's expenditure and remaining requirements is summarized in table 6.

Table 6
Capital master plan project expenditure and requirements until completion, as at 30 June 2016
(Thousands of United States dollars)

	Expenditure	*Remaining requirements*	
Description	*From project inception to June 2016*	*From July 2016 to December 2017*	*Total*
Capital master plan project			
Design contractual services	168 828.5	–	168 828.5
Staff costs for the Office of the Capital Master Plan	33 264.8	645.8	33 910.6
Support staff costs	15 671.7	231.8	15 903.5
Operating and other costs	13 439.3	1 360.0	14 799.3
Programme management and other consultants	56 172.7	–	56 172.7
Construction and pre-construction	1 409 831.7	4 517.1	1 414 348.8
Swing space costs (including rent)	554 600.8	–	554 600.8
Subtotal	**2 251 809.5**	**6 754.7**	**2 258 564.2**
Prior-period adjustments	9 204.0	–	9 204.0
Adjusted project expenditure	**2 261 013.5**	**6 754.7**	**2 267 768.2**
Savings from cancellation of obligations	(215 271.1)	(2 114.1)	(217 385.2)
Subtotal	**2 045 742.4**	**4 640.6**	**2 050 383.0**
Enhanced security upgrade project	100 000.0	–	100 000.0
Total, capital master plan project expenditure	**2 145 742.4**	**4 640.6**	**2 150 383.0**

62. Table 6 shows that the requirements for the project from July 2016 to December 2017 are estimated at $6,754,700. The remaining requirements include the following:

(a) A core team for the management and administration of the remaining activities ($645,800);

(b) Support staff costs for six months of one General Service (Other level) position in the Accounts Division and one P-4 and one General Service (Other level) position in the Procurement Division to complete the financial close-out of the project ($231,800);

(c) Operating and other costs consist of outside legal counsel ($1,000,000, in addition to $500,000 that was already assigned as of June 2016) and the cost of the Board of Auditors ($360,000);

(d) Work to the 42nd and 48th Street entrances ($4,517,100).

63. The estimated remaining requirements relate to remaining post-renovation tasks, as described in section IV above, and the closure and final reconciliation of all remaining contracts. Given that the project is nearing completion and more than 99.8 per cent of the approved project funds have been expended, no potential increases in project costs or changes in the volume and scope of the works are anticipated at this time.

64. In July 2015, the Organization received a notice of arbitration relating to a dispute between the construction manager and one of its electrical trade subcontractors. Pursuant to a competitive procurement exercise, the Secretariat retained the services of outside counsel to assist the Office of Legal Affairs in defending the Organization in those arbitral proceedings.

X. Associated costs and the secondary data centre

65. The overall associated cost expenditure amounts to $139.7 million. The cost of the secondary data centre amounts to $19.2 million.

66. The associated costs and the cost of the secondary data centre have been funded from $4.2 million relating to the secondary data centre from the support account for peacekeeping operations and $154.7 million in accordance with section VIII, paragraph 16, of General Assembly resolution 69/274.

XI. Consolidated expenditure and requirements

67. The final consolidated requirements of the capital master plan amount to $2,305.1 million, or $2,309.3 million if the portion funded by the support account for peacekeeping operations is taken into consideration. Details are provided in table 7.

Table 7
Consolidated expenditure as at 30 June 2016 and projected requirements until December 2017
(Millions of United States dollars)

Description	*From project inception to June 2016*	*From July 2016 to December 2017*	*Total*
Project costs			
Capital master plan project	2 045.7	4.6	2 050.4
Enhanced security upgrade	100.0	–	100.0
Subtotal	**2 145.7**	**4.6**	**2 150.4**
Non-project costs			
Associated costs	139.7	–	139.7
Secondary data centre	15.0	–	15.0
Subtotal	**154.7**	**–**	**154.7**
Consolidated total	**2 300.4**	**4.6**	**2 305.1**

Description	*From project inception to June 2016*	*From July 2016 to December 2017*	*Total*
Portion of secondary data centre funded from the support account for peacekeeping operations	4.2	–	4.2
Consolidated total, including portion funded from the support account for peacekeeping operations	**2 304.6**	**4.6**	**2 309.3**

68. Financial statements regarding the project activities and expenditure for the 2016 financial period will be completed, consolidated and finalized in March 2017 by the Office of Programme Planning, Budget and Accounts, following established financial reporting processes, in compliance with the Financial Regulations and Rules of the United Nations. The fifteenth progress report will be submitted to the General Assembly at the main part of its seventy-second session.

69. It is anticipated that the financial close-out of the capital master plan project will be conducted during 2016 and 2017, following which it is the intention of the Secretary-General to submit a final report to the General Assembly. Should there be residual balance or savings from the project funds, the amounts will be reported in the final financial statements and a proposal on how the amounts may be returned to Member States will be included in the final report of the Secretary-General.

XII. Actions to be taken by the General Assembly

70. **The Secretary-General recommends that the General Assembly:**

(a) Note the progress made since the issuance of the thirteenth annual progress report;

(b) Request the Secretary-General to submit the fifteenth progress report of the project and the aggregate cost to completion at the main part of the seventy-second session of the General Assembly.